

Second Regular Session 118th General Assembly (2014)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2013 Regular Session and 2013 First Regular Technical Session of the General Assembly.

## SENATE ENROLLED ACT No. 357

---

AN ACT to amend the Indiana Code concerning agriculture.

*Be it enacted by the General Assembly of the State of Indiana:*

SECTION 1. IC 15-15-13 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 13. Industrial Hemp**

**Sec. 0.5. The state seed commissioner shall administer this chapter.**

**Sec. 1. Nothing in this chapter authorizes any person to violate any federal law or regulation.**

**Sec. 2. As used in this chapter, "agricultural hemp seed" means Cannabis sativa seed that meets any labeling, quality, and other standards set by the state seed commissioner and that is intended for sale or is sold to, or purchased by, licensed growers for planting.**

**Sec. 3. As used in this chapter, "crop" means any industrial hemp grown under a single license.**

**Sec. 4. As used in this chapter, "grower" means:**

- (1) an individual, a partnership, a company, or a corporation that produces industrial hemp for commercial purposes; or**
- (2) a person, as part of an industrial hemp research program conducted by a state educational institution (as defined by IC 21-7-13-32).**



**Sec. 5.** As used in this chapter, "handler" means an individual, a partnership, a company, or a corporation that receives industrial hemp for scientific research, or for processing into commodities, products, or agricultural hemp seed.

**Sec. 6.** As used in this chapter, "industrial hemp" means:

(1) all nonseed parts and varieties of the *Cannabis sativa* plant, whether growing or not, that contain a crop wide average tetrahydrocannabinol (THC) concentration that does not exceed the lesser of:

(A) three-tenths of one percent (0.3%) on a dry weight basis; or

(B) the percent based on a dry weight basis determined by the federal Controlled Substances Act (21 U.S.C. 801 et seq.); or

(2) any *Cannabis sativa* seed that is:

(A) part of a growing crop;

(B) retained by a grower for future planting; or

(C) for processing into, or use as, agricultural hemp seed.

The term does not include industrial hemp commodities or products.

**Sec. 7.** (a) Subject to section 15 of this chapter, the production of, possession of, scientific study of, and commerce in industrial hemp is authorized in Indiana. Industrial hemp is an agricultural product that is subject to regulation by the state seed commissioner. The state seed commissioner shall adopt rules to oversee the licensing, production, and management of:

(1) industrial hemp; and

(2) agricultural hemp seed;

to ensure integrity of audits and security of field sites of each commodity.

(b) All growers and handlers must have an industrial hemp license issued by the state seed commissioner. Growers and handlers engaged in the production of agricultural hemp seed must also have an agricultural hemp seed production license.

(c) An application for an industrial hemp license or agricultural hemp seed production license must include the following:

(1) The name and address of the applicant.

(2) The name and address of the industrial hemp operation of the applicant.

(3) The global positioning system coordinates and legal description of the property used for the industrial hemp operation.



(4) If the industrial hemp license or agricultural hemp seed production license application is made by a grower, the acreage size of the field where the industrial hemp will be grown.

(5) A statement signed by the applicant, under penalty of perjury, that the person applying for the industrial hemp license or agricultural hemp seed production license has not been convicted of a drug related felony or misdemeanor in the previous ten (10) years.

(6) A written consent allowing the state police department to conduct a state or national criminal history background check.

(7) A written consent allowing the state police department, if a license is issued to the applicant, to enter the premises on which the industrial hemp is grown to conduct physical inspections of industrial hemp planted and grown by the applicant, and to ensure the plants meet the definition of industrial hemp as set forth in section 6 of this chapter. Not more than two (2) physical inspections may be conducted under this subdivision per year, unless a valid search warrant for an inspection has been issued by a court of competent jurisdiction.

(8) A nonrefundable application fee, which must include the amount necessary to conduct a state or national criminal history background check, in an amount determined by the state seed commissioner.

(9) Any other information required by the state seed commissioner.

**Sec. 8. (a)** Each license application received under this chapter must be processed as follows:

(1) Upon receipt of a license application, the state seed commissioner shall forward a copy of the application to the state police department. The state police department shall do the following:

(A) Perform a state or national criminal history background check of the applicant.

(B) Determine if the requirements under section 7(c)(5) of this chapter concerning prior criminal convictions have been met.

(C) Return the application to the state seed commissioner along with the state police department's determinations and a copy of the state or national criminal history



background check.

(2) The state seed commissioner shall review the license application returned from the state police department.

(b) If the state seed commissioner determines that all the requirements under this chapter have been met and that a license should be granted to the applicant, the state seed commissioner shall approve the application for issuance of a license.

(c) An industrial hemp license or agricultural hemp seed production license is valid for a one (1) year term unless revoked. An industrial hemp license or agricultural hemp seed production license may be renewed in accordance with rules adopted by the state seed commissioner and is nontransferable.

**Sec. 9. (a)** An agricultural hemp seed production license issued under this chapter authorizes a grower or handler to produce and handle agricultural hemp seed for sale to licensed industrial hemp growers and handlers. A seller of agricultural hemp seed shall ensure that the seed complies with any standards set by the state seed commissioner. The state seed commissioner shall make available to growers information that identifies sellers of agricultural hemp seed.

(b) Subject to rules adopted by the state seed commissioner, a grower may retain seed from each industrial hemp crop to ensure a sufficient supply of seed for that grower for the following year. A grower does not need an agricultural hemp seed production license in order to retain seed for future planting. Seed retained by a grower may not be sold or transferred and is not required to meet the state seed commissioner's agricultural hemp seed standards.

(c) All growers and handlers must keep records in accordance with rules adopted by the state seed commissioner. Upon at least three (3) days notice, the state seed commissioner may audit the required records during normal business hours. The state seed commissioner may conduct an audit for the purpose of ensuring compliance with:

- (1) this chapter;
- (2) rules adopted by the state seed commissioner; or
- (3) industrial hemp license or agricultural hemp seed production license requirements, terms, and conditions.

(d) In addition to an audit conducted in accordance with subsection (c), the state seed commissioner may inspect independently, or in cooperation with the state police department, a federal law enforcement agency, or a local law enforcement



agency, any industrial hemp crop during the crop's growth phase and take a representative composite sample for field analysis. If a crop contains an average tetrahydrocannabinol (THC) concentration exceeding the lesser of:

(1) three-tenths of one percent (0.3%) on a dry weight basis; or

(2) the percent based on a dry weight basis determined by the federal Controlled Substance Act (21 U.S.C. 801 et seq.);

the state seed commissioner may detain, seize, or embargo the crop.

Sec. 10. The amount of any fees charged growers and handlers by the state seed commissioner under this chapter must be sufficient to cover the cost of the administration of this chapter, including the cost of conducting audits and testing.

Sec. 11. Only an industrial hemp licensee, the licensee's designee, or the licensee's agents may be permitted to transport industrial hemp off a production site. When transporting industrial hemp off the production site, the industrial hemp licensee, designee, or agent shall have in the licensee's, designee's, or agent's possession the licensing documents from the state seed commissioner evidencing that the industrial hemp is from certified seed produced by a licensed grower.

Sec. 12. The state seed commissioner is responsible for the following:

(1) Monitoring the industrial hemp grown by any license holder.

(2) Conducting random testing of the industrial hemp for compliance with tetrahydrocannabinol (THC) levels.

(3) Establishing necessary testing criteria and protocols.

(4) Establishing the minimum number of acres to be planted under each license issued under this chapter.

Sec. 13. (a) In addition to any other liability or penalty provided by law, the state seed commissioner may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production license and may impose a civil penalty for a violation of:

(1) a license requirement;

(2) license terms or conditions; or

(3) a rule relating to growing or handling industrial hemp.

(b) The state seed commissioner may not impose a civil penalty under this section that exceeds two thousand five hundred dollars (\$2,500).



(c) The state seed commissioner may revoke or refuse to issue or renew an industrial hemp license or an agricultural hemp seed production license for a violation of any rule of the state seed commissioner that pertains to agricultural operations or activities other than industrial hemp growing or handling.

Sec. 14. The state seed commissioner shall adopt rules under IC 4-22-2 to implement and administer this chapter.

Sec. 15. (a) Notwithstanding any other law, the state seed commissioner may not grant any license until the state seed commissioner has secured any necessary permissions, waivers, or other form of legal status by the United States Drug Enforcement Agency or other appropriate federal agency concerning industrial hemp.

(b) The state seed commissioner shall apply for any necessary permissions, waivers, or other forms of legal status by the United States Drug Enforcement Agency or other appropriate federal agency that are necessary to implement this chapter before January 1, 2015.

(c) The state seed commissioner may not implement a waiver under this section until the state seed commissioner files an affidavit with the governor attesting that the federal permission or waiver applied for under this section is in effect. The state seed commissioner shall file the affidavit under this subsection not later than five (5) days after the state seed commissioner is notified that the waiver is approved.

(d) If the state seed commissioner receives a waiver permission under this section from all the appropriate federal agencies and the governor receives the affidavit filed under subsection (c), the state seed commissioner shall implement this chapter, subject to the terms and conditions of the permission or waiver received, not more than sixty (60) days after the governor receives the affidavit.

Sec. 16. (a) The state seed commissioner shall pay all fees collected under this chapter to the treasurer of Purdue University.

(b) The board of trustees of Purdue University shall expend the fees on proper vouchers filed with the treasurer of Purdue University. The treasurer shall pay vouchers for the following expenses:

- (1) The employment of inspectors and seed analysts.
- (2) Procuring samples.
- (3) Printing bulletins giving the results of inspection.
- (4) Any other expenses of the Purdue University agricultural programs authorized by law and for implementing this



chapter.

(c) The dean of agriculture of Purdue University shall make and submit a financial report to the governor in such form as the state board of accounts requires, showing the total receipts and expenditures of all fees received under this chapter.

(d) Excess funds from the collection of fees under this chapter are subject to IC 15-16-2-36.

SECTION 2. IC 15-16-2-36, AS ADDED BY P.L.2-2008, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 36. (a) Notwithstanding any other law, all excess funds accumulated from the fees collected by:

- (1) the state chemist, under this chapter, IC 15-15-2, IC 15-16-4, and IC 15-19-7; and
- (2) the state seed commissioner under IC 15-15-1 **and IC 15-15-13;**

shall be paid to the treasurer of Purdue University. The funds shall be administered by the board of trustees of Purdue University.

(b) On approval of the governor and the budget agency, the board of trustees may spend the excess funds for the construction, operation, rehabilitation, and repair of buildings, structures, or other facilities used for:

- (1) carrying out the purposes of those chapters referred to in subsection (a) under which the fees are collected; or
- (2) the agricultural programs authorized by law and in support of the purposes of the chapters referred to in subsection (a).

SECTION 3. IC 35-48-1-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 19. (a) "Marijuana" means any part of the plant genus *Cannabis* whether growing or not; the seeds thereof; the resin extracted from any part of the plant, including hashish and hash oil; any compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds or resin. ~~It~~

(b) The term does not include:

- (1) the mature stalks of the plant;
- (2) fiber produced from the stalks;
- (3) oil or cake made from the seeds of the plant;
- (4) any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks (except the resin extracted therefrom); ~~or~~
- (5) the sterilized seed of the plant which is incapable of germination; ~~or~~
- (6) industrial hemp (as defined by IC 15-15-13-6).

SECTION 4. An emergency is declared for this act.

